

effect and banks would have to make provisions as also assign appropriate risk weights for such exposures as per the existing guidelines.

- (b) No, Sir.
- (c) and (d) Do not arise.
- (e) A suggestion has been made to RBI to create a new category for banks' exposure to SEZs.

Inflation rate

628. SHRI S.M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that inflation reached 4.6 per cent in October, 2006 in the country;
- (b) whether it is also a fact that 4.6 per cent inflation has adversely affected poorer sectors;
- (c) whether Government have any motive or objective in keeping inflation rate above 4 per cent in the country;
- (d) what are the reasons for Government's inability to bring down the inflationary spiral; and
- (e) the steps proposed to review the inflationary policy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Sir, the provisional average (52 weeks) WPI based inflation as on 28th October, 2006 was 4.55 per cent.

- (b) Increase in prices of essential commodities, in general, affect the poor people adversely.
- (c) No Sir.
- (d) Government does not perceive any existence of inflationary spiral as the rate of inflation have not followed a unidirectional upward trend.
- (e) Government has taken various anti-inflation measures which include strict fiscal and monetary discipline, lowering of import duties, effective management of supply and demand through import of essential commodities, strengthening of the public distribution system and curbing of exports in certain commodities.